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**Yakama Nation Cigarette Compact Terminated**

**OLYMPIA, Wash.,** July 7, 2008 — The State of Washington and the Yakama Indian Nation have terminated their cigarette tax compact.

“We have been working closely with tribal representatives over the last year and regret that termination is the outcome,” Department of Revenue Director Cindi Holmstrom said. “We appreciate very much the efforts of the Tribe as we worked through the issues.”

"Unfortunately this agreement is just not working," she added.

The agreement allowed the Tribe to impose its own cigarette tax in lieu of the state tax. The Tribal tax was to begin at 80 percent of the state tax and ramp up to 100 percent on July 1st. The Tribe retained all the revenues generated from the tax, and the state considered purchases of tribally-stamped cigarettes by non-Indians to be legitimate.

Similar agreements have been signed with 20 other tribes, while the Puyallup Tribe signed a separate agreement that permitted a lower tax rate but required the Tribe to share 30 percent of its tax revenue with the state.

With the Yakama compact terminated, cigarettes sold to non-Indians without state stamps are considered contraband and subject to state and federal enforcement, Holmstrom said. The Department will work with the State Liquor Control Board, which enforces cigarette taxes on behalf of the

Department of Revenue, and with the federal Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF).

Holmstrom said the compacts have been a great success elsewhere, but the Yakama Nation presents some unique issues.

“Our goal is first to try to resolve issues on a government-to-government basis rather than through enforcement. Of course enforcement is now back on the table. In the long run we are hopeful we can get to an agreement the Yakama Nation and the State can live with” she said.

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